

BEFORE THE DIVISION OF INSURANCE

STATE OF COLORADO

FINAL AGENCY ORDER O-07- 049

**IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF JACKSON
NATIONAL LIFE INSURANCE COMPANY,**

Respondent

THIS MATTER comes before the Colorado Commissioner of Insurance (the "Commissioner") as a result of a market conduct examination conducted by the Colorado Division of Insurance (the "Division") of Jackson National Life Insurance Company (the "Respondent"), pursuant to §§ 10-1-201 to 207, C.R.S. The Commissioner has considered and reviewed the market conduct examination report dated September 15, 2006 (the "Report"), relevant examiner work papers, all written submissions and rebuttals, and the recommendations of staff. The Commissioner finds and orders as follows:

FINDINGS OF FACT

1. At all relevant times, the Respondent was licensed by the Division as a life, accident and health insurance company.
2. In accordance with §§ 10-1-201 to 207, C.R.S., on September 15, 2006, the Division completed a market conduct examination of the Respondent. The period of examination was January 1, 2005 to December 31, 2005.
3. In scheduling the market conduct examination and in determining its nature and scope, the Commissioner considered such matters as complaint analyses, underwriting and claims practices, pricing, product solicitation, policy form compliance, market share analyses, and other criteria as set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners, as required by § 10-1-203(1), C.R.S.
4. In conducting the examination, the examiners observed those guidelines and procedures set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners and the Colorado insurance examiners handbook. The Commissioner also employed other guidelines and procedures that she deemed appropriate, pursuant to § 10-1-204(1), C.R.S.

5. The market conduct examiners prepared a Report. The Report is comprised of only the facts appearing upon the books, records, or other documents of the Respondent, its agents or other persons examined concerning Respondent's affairs. The Report contains the conclusions and recommendations that the examiners find reasonably warranted based upon the facts.
6. Respondent delivered to the Division written submissions and rebuttals to the Report.
7. The Commissioner has fully considered and reviewed the Report, all of Respondent's submissions and rebuttals, and all relevant portions of the examiner's work papers.

CONCLUSIONS OF LAW AND ORDER

8. Unless expressly modified in this Final Agency Order ("Order"), the Commissioner adopts the facts, conclusions and recommendations contained in the Report. A copy of the Report is attached to the Order and is incorporated by reference.
9. Issue G1 concerns the following violation: Failure, in some cases, to notify existing insurers of a proposed replacement within five (5) business days of receipt of a completed application. The Respondent shall provide evidence that it has corrected its procedures to ensure notification of existing insurers of a proposed replacement within (5) business days of receipt of a completed application in compliance with Colorado insurance law. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
10. Issue G2 concerns the following violation: Failure, in some cases, to ensure that the form, Important Notice: Replacement of Life Insurance or Annuities, was completed. The Respondent shall provide evidence that it has corrected its procedures to ensure that the form, Important Notice: Replacement of Life Insurance or Annuities, is completed in compliance with Colorado insurance law. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
11. Issue G3 concerns the following violation: Failure to develop and maintain an adequate system to supervise and monitor the recommendations of authorized producers to ensure compliance with Colorado Insurance Regulation 4-1-11. The Respondent shall provide evidence that it has corrected its procedures to develop and maintain an adequate system to supervise and monitor the recommendations of authorized producers to ensure compliance with Colorado insurance law.

12. Issue G4 concerns the following violation: Failure, in some cases, to obtain and/or clarify facts necessary to ensure that the product sold was suitable for the senior consumer involved. The Respondent shall provide evidence that it has corrected its procedures to obtain and/or clarify facts necessary to ensure that products sold are suitable for the senior consumer. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
13. Issue H1 concerns the following violation: Failure, in some cases, to advise the contract owner of the right to receive information regarding the existing policy or contract values. The Respondent shall provide evidence that it has corrected its procedures to advise the contract owner of the right to receive information regarding the existing policy or contract values. The Division's records indicate that the Respondent has complied with the corrective actions ordered concerning this violation.
14. Pursuant to § 10-1-205(3)(d), C.R.S, the Respondent shall pay a civil penalty to the Division in the amount of ten thousand and no/100 dollars (\$10,000.00) for the cited violations of Colorado law. This fine was calculated in accordance with Division guidelines for assessing penalties and fines, including Division bulletin no. 1-98, issued on January 1, 1998.
15. Pursuant to § 10-1-205(4)(a), C.R.S., within sixty (60) days of the date of this Order, the Respondent shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related Order.
16. Unless otherwise specified in this Order, all requirements with this Order shall be completed within thirty (30) days of the date of this Order. Respondent shall submit written evidence of compliance with all requirements to the Division within the thirty (30) day time frame, except where Respondent has already complied, as specifically noted in the Order. Copies of any rate and form filings shall be provided to the rate and forms section with evidence of the filings sent to the market conduct section. All self audits, if any, shall be performed in accordance with Division's document, 'Guidelines for Self Audits Performed by Companies', presented at the market conduct examination exit meeting. Unless otherwise specified in this Order, all self audit reports must be received within ninety (90) days of the Order, including a summary of the findings and all monetary payments to covered persons.
17. This Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Order, or occurring before or after the examination period. Failure by the

Respondent to comply with the terms of this Order may result in additional actions, penalties and sanctions, as provided for by law.

18. Copies of the examination report, the Respondent's response, and this final Order will be made available to the public no earlier than thirty (30) days after the date of this Order, subject to the requirements of § 10-1-205, C.R.S.

WHEREFORE: It is hereby ordered that the findings and conclusions contained in the Report dated September 15, 2006, are hereby adopted and filed and made an official record of this office, and the above Order is hereby approved this 1st day of February, 2007.



Marcy Morrison
Commissioner of Insurance

CERTIFICATE OF MAILING

I hereby certify that on the 1st day of February, 2007, I caused to be deposited the **FINAL AGENCY ORDER NO. O-07-049 IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF JACKSON NATIONAL LIFE INSURANCE COMPANY**, in the United States Mail via certified mailing with postage affixed and addressed to:

Mr. Clark Manning, President
Jackson National Life Insurance Company
1 Corporate Way
Lansing, MI 48951

Julia Goatley
Jackson National Life Insurance Company
1 Corporate Way
Lansing, MI 48951



Dolores Arrington, AIE,AIRC,ACS,MA.
Market Conduct Section
Division of Insurance